

EXHIBIT 10-A7

HOME Monitoring Checklist	HOME BUYER ASSISTANCE
Grantee Name:	Contract Number:
HOME Program Officer:	Date:

QUESTIONS	NOTES
BACKGROUND INFORMATION	
1. Are there adequate written informational materials about the program: a. Marketing materials for prospective applicants which include a program description b. Information that describes homebuyer's responsibilities c. Other educational materials	
2. Are there special conditions to target program assistance? If yes, what is the target?	
3. What types of assistance are offered through the program? a. Repayable loans – what rate and terms? b. Deferred payment loans – what rate and term? c. Other (e.g., lease purchase)?	
4. What can HOME assistance be used for? a. Down payment/closing costs? b. Reduction of first mortgage/gap financing? c. Other assistance?	
5. Is the recapture or resale provision used?	
6. Is the same recapture or resale option applied consistently on a program-wide basis, or does the Grantee determine the option on a case-by-case basis?	
7. Are the terms of the loans, including recapture or resale provisions, described clearly in documentation provided to homebuyers?	
8. Is there an initial screening of prospective applicants to determine eligibility prior to full application?	
9. Does program staff meet with eligible applicants to inform them of their responsibilities under the program?	
10. Does the applicant approve or have input on each of the following activities? a. Purchase price b. Rehabilitation or new construction costs and scope of work (if applicable) c. Approval of contractor (if applicable) d. Execution of loan documents e. Approval of pre-construction conference report (if applicable) f. Authorization of progress payments and final payment (if applicable)	
11. Are there adequate procedures for notifying applicants of loan award/refusal?	
12. Who services the loans (if direct loans are provided)? a. Program staff b. Third party contractor	
13. What are the procedures for determining the amount and terms of assistance provided? Do they use any income to debt qualifying ratios, etc.?	

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CHECKLIST FOR REQUIRED ITEMS IN PROJECT CASE FILE (Inspect 15% of activity files)	ANSWERS		NOTES
	Y	N	
1. Program Application			
2. Relocation Notice (if applicable)			
3. Income and Asset Verification Forms			
4. Initial Inspection Form			
5. Homebuyers Written Home Agreement			
6. Sales Prices. (If rehabilitation, use estimated property value.)			
7. Environmental Clearance			
8. Written Recapture or Resale Agreement			
9. IDIS Set-Up			
10. Work Write-Up/Cost Estimate			
11. Payment Certifications			
12. Progress Payment Authorizations			
13. Contractor Bid Documents			
14. Contractor Eligibility Form			
15. Contractor Approval Form			
16. Pre-Construction Conference Report			
17. Lead-Based Paint Compliance Documentation (including copies of notices, lead hazard evaluation and clearance reports)			
18. Rehabilitation Contract (if applicable)			
19. Notice to Proceed			
20. Approved Change Orders (if applicable)			
21. Documentation of Final Inspection			
22. Final Invoice from Contractor			
23. Waiver of Liens from General Contractor, Subcontractors, and Suppliers			
24. Warranties (if applicable)			
25. Receipt of Final Payment Form			
26. Project Completion Form			
27. Applicant File Checklist			

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A. PROJECT DOCUMENTATION			
1. Does the file contain completed and executed copies of the documents listed in the preceding Documentation Checklist?			
2. Are the project files complete?			
B. PARTICIPANT ELIGIBILITY			
1. Did program staff properly establish the income eligibility of the applicant? a. Was the applicant's gross annual income properly calculated? b. Were household income sources adequately verified? c. Was the applicant's gross annual income below the applicable HOME program income limit?			
2. Is income eligibility determined using appropriate methods? What method is used?			
3. Are the appropriate HOME income limits used?			
4. Are there procedures for income verification: a. Adequate for documenting the income-eligibility of each household? b. Completed within the appropriate time period? i. Within 6 months prior to the date of purchase of an existing home ii. Within 6 months of contract signing for purchase of a new home iii. Within 6 months of execution of a lease-purchase agreement			
5. Is there documentation that the assisted homebuyer will occupy the property as a principal residence?			
6. Did program staff obtain acceptable evidence of ownership? ___ Fee simple title ___ 99 Year Lease ___ Ownership/membership in a condominium or co-operative? ___ Other, with HUD approval			
7. If additional eligibility requirements are placed on applicants, are these requirements non-discriminatory?			
C. PROPERTY ELIGIBILITY			
1. Do project files demonstrate full compliance with eligibility requirements – property type, property value, minimum/maximum HOME investment?			
2. Are there adequate procedures to confirm that unit qualifies as a HOME-eligible, single-family property under the program?			
3. Are there adequate procedures for assessing whether properties are located in a target area (if applicable)?			

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4. Was the sales price or, if applicable, the property value less than 95 percent of the area median: a. If rehabilitation, was the value of the property properly estimated? b. Did the estimate reflect the after-rehabilitation value of the property?			
5. Do the loan documents confirm that the HOME investment was at least \$1,000 in HOME funds per HOME-assisted unit but did not exceed the maximum subsidy amount as established by HUD?			
6. Do project files indicate that value estimates: a. Were determined using appropriate methods? b. Reflect after-rehabilitation/construction value?			
7. Does the file contain documentation of the initial inspection, which identified, at a minimum, code deficiencies and other items to be corrected?			
D. PROPERTY STANDARDS (if rehabilitation or construction was needed)			
1. Does the project file contain: a. Work write-up or specifications? b. Rehabilitation/Construction contract? c. Documentation of final inspection?			
2. Based on the initial inspection, does the work write-up appear to bring the property up to local codes and standards?			
3. Are the work write-up and specifications clearly written and consistent with local codes and standards?			
4. Does a final inspection report show that all the work was completed?			
5. Did qualified staff or third party contractors do work write-up and inspection?			
6. Are there established written rehabilitation/construction standards for use in determining the standard for construction work?			
7. Are the rehabilitation/construction standards applied consistently?			
8. Where HOME funds are used for acquisition only or for new construction, are there inspection procedures in place to ensure that all properties are free of health and safety defects before occupancy?			
9. If HOME funds are used for acquisition and rehabilitation, is there a system in place to ensure that all properties meet the necessary standards within the appointed time periods?			
10. Do the Grantee's work write-ups have enough detail to enable contractors to provide a reliable bid, or do contractor's proposals provide enough detail for a thorough cost review?			
11. Are regular progress inspections performed?			
12. Do final inspections confirm that all contract work was completed?			

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13. Did on-site visits show that properties met applicable property standards? (if applicable)			
14. If new construction, were model energy code standards met?			
G. ELIGIBLE COSTS (if rehabilitation or construction was needed)			
1. Are all costs detailed in the cost estimate or in the rehabilitation/construction contract eligible? Are ineligible costs paid for from other appropriate sources?			
2. Did a person other than the person performing the inspection review the cost estimate?			
3. Is there a list of eligible and ineligible costs?			
4. Are contractor proposals reviewed to ensure that all proposed costs are eligible?			
H. CONTRACTOR SELECTION (If rehabilitation or construction was needed)			
1. Does the project file include a Contractor Eligibility Verification Form?			
2. If the Grantee selects the contractors, is a competitive bid process used (i.e., was there a public invitation for bids, was an effort made to solicit at least three bids, and were bids reviewed using consistent criteria)?			
3. Were the selected proposals cost reasonable (e.g., within 10 percent of the original cost estimate)? If not, is there an explanation?			
4. Is a list of pre-qualified contractors maintained? If yes: a. Are the contractors regularly reviewed to assure continued eligibility? b. Are any contractors on the list currently debarred or suspended from receiving Federal funds? If yes, have they worked on an assisted project since the time of debarment?			
5. Are there procedures to verify that contractors have not been suspended or debarred from work on projects receiving Federal funds during the time of project work?			
6. Does the program involve a sufficient number of contractors given its volume?			
I. CONSTRUCTION MANAGEMENT (if rehabilitation or construction was needed)			
1. Did the Grantee have progress inspections of the project performed that show all work was approved, completed, and inspected prior to processing the contractor's requests for payment?			
2. Do files contain evidence that regular inspections completed to assess the progress of rehabilitation work?			
3. Were change orders reviewed and approved by an authorized person?			
4. Does someone other than the person doing the inspection authorize all change orders (if applicable)?			
5. Was a certificate of final inspection issued?			

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6. Did the contractor submit all necessary paperwork including: a. Final invoice? b. Waivers of liens releasing the project from lien action? c. Documentation of final inspection?			
J. LOAN PROCESSING			
1. Are loans and grants being made under the program consistent with the program description?			
2. Are recapture or resale provisions incorporated into the loan documents?			
3. Were the loan documents properly executed and recorded?			
4. Are there procedures in place to ensure that applicants receive the appropriate truth in lending and right of rescission information?			
5. Does the file include a written agreement with the appropriate HOME provisions?			
K. LOAN SERVICING (if applicable)			
1. Are the lien instruments recorded?			
2. Do loan documents indicate when payments will commence?			
3. Are periodic reports generated on loan payments and delinquencies?			
4. Are late charges levied on loans in arrears?			
5. For loans in default, are specific steps undertaken to collect?			
6. Are policies and procedures available in writing for: a. Loan servicing? b. Loan default? c. Foreclosure?			
7. If the loan is a deferred loan, is a tracking system used to manage deferred loan assets, including: d. Recapture where adequate value exists to recover full principal? e. Where net proceeds are less than the available equity at sale?			
8. Does the Grantee or servicing contractor have adequate written loan servicing procedures?			
L. RESALE/RECAPTURE OPTIONS			
1. Have proper recapture or resale options been implemented?			
2. Are there clearly defined rules for implementing the recapture or resale options?			
3. If recapture, are provisions incorporated into a deed of trust and/or promissory note to reflect the details of recapture and the period of affordability?			
4. If resale, are deed restrictions placed on each property for the period of affordability?			

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5. Are any loans forgivable? If yes: a. Is forgiveness limited to after the affordability period has ended? b. Is forgiveness structured so that a certain amount is forgiven annually during the affordability period?			